

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 1892

To amend title II of the Social Security Act to phase out the earnings test over a 10-year period for individuals who have attained retirement age, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 7 (legislative day, FEBRUARY 22), 1994

Mr. MCCAIN introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title II of the Social Security Act to phase out the earnings test over a 10-year period for individuals who have attained retirement age, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Older Americans’  
5       Freedom to Work Act of 1994”.

1 **SEC. 2. PHASE OUT OF THE EARNINGS TEST OVER A 10-**  
2 **YEAR PERIOD FOR INDIVIDUALS WHO HAVE**  
3 **ATTAINED RETIREMENT AGE.**

4 (a) LIBERALIZATION OF EARNINGS TEST OVER THE  
5 PERIOD 1995–2004 FOR INDIVIDUALS WHO HAVE AT-  
6 TAINED RETIREMENT AGE.—Effective with respect to  
7 taxable years ending after 1994, subparagraph (D) of sec-  
8 tion 203(f)(8) of the Social Security Act is amended to  
9 read as follows:

10 “(D) Notwithstanding any other provision of  
11 this subsection, the exempt amount which is applica-  
12 ble to an individual who has attained retirement age  
13 (as defined in section 216(l)) before the close of the  
14 taxable year involved shall be increased by \$12,000  
15 in each taxable year over the exempt amount for the  
16 previous taxable year, beginning with any taxable  
17 year ending after 1994 and before 2005.”.

18 (b) REPEAL OF EARNINGS TEST IN 2005 FOR INDIV-  
19 IDUALS WHO HAVE ATTAINED RETIREMENT AGE.—Ef-  
20 fective with respect to taxable years ending after 2004—

21 (1) clause (B) in the third sentence of section  
22 203(f)(1) of the Social Security Act is amended by  
23 striking out “age seventy” and inserting in lieu  
24 thereof “retirement age (as defined in section  
25 216(l))”; and

26 (2) section 203(f)(3) of such Act is amended—

1 (A) by striking out “33½ percent” and all  
2 that follows through “other individual” and in-  
3 serting in lieu thereof “50 percent of his earn-  
4 ings for such year in excess of the product of  
5 the applicable exempt amount as determined  
6 under paragraph (8)”, and

7 (B) by striking out “age 70” and inserting  
8 in lieu thereof “retirement age (as defined in  
9 section 216(l))”.

10 (c) CONFORMING AND RELATED AMENDMENTS.—Ef-  
11 fective with respect to taxable years ending after 2004—

12 (1) section 203(c)(1) of the Social Security Act  
13 is amended by striking out “is under the age of sev-  
14 enty” and inserting in lieu thereof “is under retire-  
15 ment age (as defined in section 216(l))”;

16 (2) the last sentence of subsection (c) of section  
17 203 of such Act is amended by striking out “nor  
18 shall any deduction” and all that follows and insert-  
19 ing in lieu thereof “nor shall any deduction be made  
20 under this subsection from any widow’s or widower’s  
21 insurance benefit if the widow, surviving divorced  
22 wife, widower, or surviving divorced husband in-  
23 volved became entitled to such benefit prior to at-  
24 taining age 60.”;

1           (3) paragraphs (1)(A) and (2) of section 203(d)  
2 of such Act are each amended by striking out  
3 “under the age of seventy” and inserting in lieu  
4 thereof “under retirement age (as defined in section  
5 216(l))”;

6           (4) section 203(f)(1) of such Act is amended by  
7 striking out clause (D) and inserting in lieu thereof  
8 the following: “(D) for which such individual is enti-  
9 tled to widow’s or widower’s insurance benefits if  
10 such individual became so entitled prior to attaining  
11 age 60, or”;

12           (5) subparagraph (D) of section 203(f)(5) of  
13 such Act is amended—

14           (A) by striking out “(D) In the case of”  
15 and all that follows down through “(ii) an indi-  
16 vidual” and inserting in lieu thereof the follow-  
17 ing:

18           “(D) An individual”;

19           (B) by striking out “became entitled to  
20 such benefits” and all that follows and inserting  
21 in lieu thereof “became entitled to such bene-  
22 fits, there shall be excluded from gross income  
23 any such other income.”; and

24           (C) by shifting such subparagraph as so  
25 amended to the left to the extent necessary to

1 align its left margin with that of subparagraphs  
2 (A) through (C) of such section;

3 (6) section 203(f)(8)(A) of such Act is amended  
4 by striking out “the new exempt amounts (sepa-  
5 rately stated for individuals described in subpara-  
6 graph (D) and for other individuals) which are to be  
7 applicable” and inserting in lieu thereof “the new  
8 exempt amount which is to be applicable”;

9 (7) section 203(f)(8)(B) of such Act is amend-  
10 ed—

11 (A) by striking out all that precedes clause  
12 (i) and inserting in lieu thereof the following:

13 “(B) The exempt amount which is applicable  
14 for each month of a particular taxable year shall be  
15 whichever of the following is the larger—”;

16 (B) by striking out “corresponding” in  
17 clause (i); and

18 (C) by striking out “an exempt amount” in  
19 the matter following clause (ii) and inserting in  
20 lieu thereof “the exempt amount”;

21 (8) section 203(f)(8)(D) of such Act (as amend-  
22 ed by subsection (a) of this Act) is repealed;

23 (9) section 203(f)(9) of such Act is repealed;

24 (10) section 203(h)(1)(A) of such Act is amend-  
25 ed by striking out “age 70” each place it appears

1 and inserting in lieu thereof “retirement age (as de-  
 2 fined in section 216(l))”;

3 (11) section 203(j) of such Act is amended to  
 4 read as follows:

5 “Attainment of Retirement Age

6 “(j) For purposes of this section—

7 “(1) an individual shall be considered as having  
 8 attained retirement age (as defined in section  
 9 216(l)) during the entire month in which he attains  
 10 such age; and

11 “(2) the term ‘retirement age (as defined in  
 12 section 216(l))’, with respect to any individual enti-  
 13 tled to monthly insurance benefits under section  
 14 202, means the retirement age (as so defined) which  
 15 is applicable in the case of old-age insurance bene-  
 16 fits, regardless of whether or not the particular ben-  
 17 efits to which the individual is entitled (or the only  
 18 such benefits) are old-age insurance benefits.”;

19 (12) section 202(w)(2)(B)(ii) of such Act is  
 20 amended—

21 (A) by striking out “either”; and

22 (B) by striking out “or suffered deductions  
 23 under section 203(b) or 203(c) in amounts  
 24 equal to the amount of such benefit”; and

1           (13) the second sentence of section 223(d)(4) of  
2       such Act is amended by inserting “(or would be ap-  
3       plicable to such individuals but for the amendments  
4       made by the Older Americans’ Freedom to Work Act  
5       of 1994)” after “subparagraph (D) thereof” the  
6       first place it appears.

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